

Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 ISO-00 IO-13 AF-10 ARA-10 EA-10
EUR-12 NEA-11 JUSE-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01
DOE-15 OIC-02 /169 W

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P 091250Z MAY 78

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 9386

INFO AMEMBASSY BUENOS AIRES

AMEMBASSY MONTEVIDEO

ALL OECD CAPITALS

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USMTN

PASS ELECTRONICALLY STR (STARKEY) AND USDA (HATHAWAY AND
SAYLOR)

STR PASS CODEL

E.O. 11652: N/A

TAGS: MTN, ETRD

SUBJECT: MTN SUBGROUP MEAT, MAY 1-3 MEETING

REF: A) STATE 109368, B) GENEVA 06694, C) STATE 111107

1. THE MTN SUBGROUP MEAT MET MAY 1-3 AND REVIEWED THE
LAST VERSION (MTN/ME/W/24/REV. 3) OF THE PROPOSED ARRANGE-
MENT CONCERNING BOVINE MEAT. PROGRESS IN EXAMINING THE
VARIOUS CHAPTERS WAS SLOW. THE EC DEL (MARMULLA) WAS
NOT ONLY ILL-PREPARED BUT WAS DELIBERATELY STALLING
APPARENTLY FOR LACK OF PRECISE INSTRUCTIONS.

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2. THE MEETING OPENED WITH A LENGTHY STATEMENT BY
AUSTRALIA (FOGARTY) (REF B) WHO EXPRESSED CONSIDERABLE
CONCERN ABOUT PENDING U.S. MEAT LEGISLATION AND ABOUT
THE SLOW RESPONSES TO AUSTRALIAN MEAT REQUESTS IN THE
BILATERALS. U.S. DEL (KOENIG) REPLIED THAT AUSTRALIAN
CONCERN MIGHT PROVE TO BE GROUNDLESS AND THAT REQUESTS

MIGHT BE RECEIVED MORE FAVORABLY IF THEY WERE ACCOMPANIED BY MORE ATTRACTIVE OFFERS ON THE PART OF THE REQUESTING COUNTRIES.

3. U.S. DECLARED THAT WE LOOK FORWARD TO POSITIVE RESULTS OF THIS MEETING AND THAT THE U.S. CONSIDERS THE WORKING HYPOTHESIS AS A BASIS FOR NEGOTIATIONS. U.S. URGED PARTICIPANTS TO MOVE AHEAD AS EXPEDITIOUSLY AS POSSIBLE. POSITIVE IMPRESSION CREATED BY THIS AND SUBSEQUENT STATEMENT CONCERNING U.S. ATTITUDE TOWARDS THE DRAFT WAS, HOWEVER, WEAKENED BY U.S. RESERVATION CONCERNING THE INCLUSION OF LIVE ANIMALS AND OFFALS IN THE COMMODITY COVERAGE. THIS RESERVATION WAS INTERPRETED AS TACTICAL U.S. MOVE TO CREATE BARGAINING POINTS.

4. AUSTRALIA SUGGESTED THAT THE RECOMMENDATIONS WHICH MAY BE MADE BY THE MEAT COUNCIL (ARTICLE IV) MUST NOT TRANSGRESS THE GATT RULES. THE U.S. SUPPORTED THIS PROPOSAL. ARGENTINA (RAIMONDI) OPPOSED IT ON THE GROUNDS THAT NO RESTRAINT SHOULD BE PUT ON THE ACTION OF THE COUNCIL. IN THIS CONTEXT THERE WAS A DISCUSSION AS TO WHETHER OR NOT THE COUNCIL COULD ONLY ACT UNANIMOUSLY OR BY CONSENSUS. (CONSENSUS IN THIS CONTEXT MEANS WITHOUT ACTIVE DISSENT.) THE MAJORITY SEEMED TO FAVOR COUNCIL RECOMMENDATIONS BY CONSENSUS OF ALL PARTICIPANTS.

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5. THE U.S. SUPPORTED BY AUSTRALIA POINTED OUT THAT THE DISPUTE SETTLEMENT PROCEDURES PROPOSED BY CANADA (GIFFORD) (PARA 5 OF ARTICLE IV) WOULD DELAY RATHER THAN EXPEDITE OR FACILITATE DISPUTE SETTLEMENT. THERE WAS WIDESPREAD CONSENSUS THAT THE RIGHT OF A PARTY TO INVOKE ARTICLE XXII OF GATT WITHOUT GOING FIRST TO THE MEAT COUNCIL SHOULD BE PRESERVED BUT THE PARAGRAPH AS A WHOLE WAS KEPT IN ABEYANCE.

6. THE U.S. AND CANADA CONSIDERED THE PRO MEMORIA PROVISIONS CONCERNING HEALTH AND SANITARY MEASURES AS WELL AS SAFEGUARDS AS SUPERFLUOUS WITHIN THE FRAMEWORK OF THE MEAT AGREEMENT (ARTICLE V). THE EC STATED THAT THE APPLICABILITY OF THE STANDARD CODE TO AGRICULTURE MUST BE APPROVED BY GROUP AGRICULTURE (WITH WHICH THE US AGREED) AND THAT JOINT DISCIPLINES WOULD TAKE CARE OF THE SAFEGUARD PROBLEM. ARGENTINA, HOWEVER, STATED EMPHATICALLY THAT THE STANDARD CODE DOES NOT APPLY TO AGRICULTURE AND IN PARTICULAR TO SANITARY QUESTIONS AFFECTING MEAT: A) BECAUSE THE STANDARD CODE WOULD LEAVE GATT ARTICLE XX INTACT; B) BECAUSE THE STANDARD CODE WOULD SET UP MACHINERY SIMILAR TO THAT OF THE GENERAL

AGREEMENT WHICH HAS NOT BEEN SATISFACTORY; C) BECAUSE THE STANDARD CODE HAS BEEN DRAFTED WITH A VIEW TO INDUSTRIAL PRODUCTS ONLY. ARGENTINA ANNOUNCED THAT IT WILL SUBMIT ADDITIONAL PROPOSALS ON THESE SUBJECTS IN THE NEXT MEETING OF THE MEAT SUBGROUP.

7. U.S. FAVORED THE IDEA CONTAINED IN PARAGRAPH 3 OF ARTICLE V ("CODE OF CONDUCT") BUT POINTED TO ITS LIMITATIONS DUE TO LIKELY ABSENCE OF NEGOTIATING AUTHORITY AFTER THE EXPIRATION OF THE U.S. TRADE ACT. THE EC STATED THAT THE MEAT COUNCIL SHOULD NOT BE A BODY FOR PERMANENT NEGOTIATIONS.

8. AS REGARDS EXPORT SUBSIDIES (PARA 4 OF ARTICLE VI) THE U.S. MADE A STATEMENT AS PER PARAGRAPH 5 OF REFTTEL A). LIMITED OFFICIAL USE

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THE EC WAS EVASIVE ON THIS POINT. WHEN TOLD BY AUSTRALIA THAT CERTAIN EC MEAT EXPORT RESTITUTIONS WERE THE EQUIVALENT OF TWICE THE LEVEL OF WORLD MARKET PRICES, THE

EC STATED THAT JOINT DISCIPLINES COULD DEAL WITH THE
SUBSIDY PROBLEM.

9. THE DISCUSSIONS ON JOINT DISCIPLINES ELICITED FROM
THE EC STEREOTYPE ANSWERS. THE EC UPON QUESTIONING BY
PRACTICALLY ALL PARTICIPANTS EXPLAINED THAT JOINT DISCI-
PLINES CONSIST OF EACH COUNTRY MANAGING ITS EXPORT OR
IMPORT POLICIES "IN ALL THE NECESSARY ELEMENTS UNDER AS
REGULAR AND ORDERLY CONDITIONS AS POSSIBLE". WHEN ASKED
WHAT THIS MEANS THE EC REPEATED THE SAME STATEMENT. AT
ONE POINT EC DEL EXPLAINED THAT "REGULAR" MEANS REALLY
"ORDERLY" BUT WAS UNABLE TO SAY WHAT "ORDERLY" MEANS.
AT ANOTHER POINT EC DECLARED THAT "THE LANGUAGE CONCERNING
JOINT DISCIPLINES MUST REMAIN VAGUE BECAUSE MEAT IS NOT
A HOMOGENEOUS PRODUCT". HOWEVER, INSPITE OF ITS INABILITY
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TO EXPLAIN JOINT DISCIPLINES AND THE MEANING OF THE EC
PROPOSED LANGUAGE, THE EC INSISTED THAT WITHOUT ACCEPTANCE
OF JOINT DISCIPLINES AND A MULTILATERAL FRAMEWORK AGREE-
MENT FOR MEAT THE EC WOULD BE UNWILLING TO ENTER INTO
BILATERAL NEGOTIATIONS ON BEEF.

10. THE GATT SECRETARIAT PROMISED TO PROVIDE IN ABOUT
THREE WEEKS A PAPER WHICH WOULD DEAL WITH ALL THE GATT
IMPLICATIONS OF THE PROPOSED DAIRY AND MEAT ARRANGEMENTS.

11. COMMENTS: NOTWITHSTANDING THE SLOW PROGRESS IN THIS
MEETING, WE BELIEVE THAT ARTICLES I - IV INCLUDING THE
PREAMBLE OF THE PROPOSED ARRANGEMENT COULD BE BROUGHT
INTO AN ACCEPTABLE FORM WITHIN ONE OR TWO WORKING DAYS.
THE VARIOUS PRO MEMORIA PROVISIONS OF ARTICLE V WILL
HAVE TO BE CLARIFIED IN THE LIGHT OF THE PROGRESS MADE
WITH RESPECT TO THE CODES ON SUBSIDIES AND COUNTERVAIL,
STANDARDS, AND SAGEGUARDS. AS REGARDS JOINT DISCIPLINES
(ARTICLE VI AND VIBIS), THERE ARE TWO POSSIBILITIES.
EITHER THE EC COMES FORWARD WITH A MORE MEANINGFUL TEXT
OR THE PRESENT MEANINGLESS TEXT IS INTENDED TO SERVE AS
A CHAPEAU AND AS A MEANS OF SANCTIONING ALL KINDS OF
BILATERAL DEALS INCONSISTENT WITH THE GATT. AT ANY RATE
THE PROPOSAL FOR JOINT OR CONCERTED DISCIPLINES WILL
HAVE TO BE EXAMINED IN THE LIGHT OF THE SECRETARIAT'S
PAPER REGARDING THE LEGAL ISSUES INVOLVED IN THE PROPOSAL
AS A WHOLE.

12. ACTION SUGGESTED: A) WE SUGGEST THAT U.S. DROP ITS
RESERVATIONS CONCERNING THE INCLUSION OF LIVE CATTLE IN
THE COMMODITY COVERAGE. WE SEE NO VALID REASON FOR THIS
RESERVATION. THE ARGUMENT IN REFTEL C) THAT "THE EURO-
PEAN CONSTRUCT THEIR CATTLE BALANCES BY INCLUDING LIVE

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CATTLE, ETC." IS, TO SAY THE LEAST, MEANINGLESS. AS
REGARDS EDIBLE OFFALS THE U.S. SHOULD ALSO LIFT ITS
RESERVATIONS PROVIDED THAT THE INCLUSION OF THESE PRO-
DUCTS IN THE COMMODITY COVERAGE WOULD NOT IN ANY WAY
IMPAIR EC CONCESSIONS ON THESE PRODUCTS. B) WE WOULD
ALSO SUGGEST THAT FOR THE NEXT MEETING THE U.S. PREPARE
AN ARTICLE BY ARTICLE DRAFT LANGUAGE ON ARTICLES I - IV,
VII, AND VIII.

13. THE NEXT MEETING OF THE SUBGROUP MEAT IS TO BE HELD
IN EARLY JUNE AFTER CONSULTATION WITH DELEGATIONS.

14. DRAFTED BY KOENIG. MCDONALD

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